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FCC Mail Room

January 8, 2009  
*Via Overnight Delivery and Electronic Filing*

Ms. Marlene H. Dortch, FCC Secretary  
Federal Communications Commission

9300 East Hampton Drive  
Capitol Heights, MD 20743  
Attention: Office of the Secretary

**RE: CC Docket No. 96-128; 2008 Audit Report and Letter of Attestation of Dollar Phone Corp.**

Dear Ms. Dortch:

Pursuant to 47 C.F.R. §64.1320(f), enclosed on behalf of Dollar Phone Corp. is the 2008 Management Report on Compliance with Applicable Requirements and Letter of Attestation by an Independent Third-Party Auditor concerning Dollar Phone's compliance with the Commission's Payphone Compensation Rules.

Pursuant to 47 C.F.R. §64.1320(e), following is the contact information for persons responsible for handling payphone compensation and for resolving disputes with payphone service providers.

Primary Contact: BSG Clearing Solutions, Inc.  
Attention: Peggy Gaitan  
7411 John Smith Drive, Suite 200  
San Antonio, TX 78229  
(210) 949-7109

Secondary Contact: Dollar Phone Corp.  
Attention: Eitan Kimelman  
232 Broadway  
Brooklyn, NY 11211  
(718) 889-1124

In accordance with the Commission's rules, this Letter of Attestation and Management Report are being provided to each Payphone Service Provider for which Dollar Phone completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

Please acknowledge receipt of this filing by returning a date stamped copy of the enclosed cover letter duplicate in the return self-addresses, stamped envelope that is provided for this purpose. Any questions regarding this filing may be addressed to the undersigned by calling (407) 740-3031 or via email at sthomas@tminc.com.

Sincerely,

Sharon Thomas, Consultant to  
Dollar Phone Corp.

Enclosures

cc: E. Kimelman  
file: Dollar Phone - FCC  
tms: FCCx0901

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32790-0200

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Sharon Thomas, Consultant to  
Dollar Phone Corp.

Enclosures

cc: E. Kimelman  
file: Dollar Phone - FCC  
tms: FCCx0901

**Attestation of the Independent Auditor  
To the Management of  
Dollar Phone Corp.  
Brooklyn, New York, USA**

*Received & Inspected*

**JAN 9 - 2009**

**FCC Mail Room**

*In the matter of*

*Conformance to the Pay Telephone  
Reclassification & Compensation Provisions of  
The Telecommunications Act of 1996  
FCC 03-235*

)  
)  
)  
)  
)  
)

*December, 2008*

**Letter of Attestation**

We have examined management's assertions, included in the accompanying "**Dollar Phone Corp. Management Report on Compliance with Applicable Requirements of the FCC's Rules and Regulations**", that it believes that, for the period July 1, 2007, through June 30, 2008, Dollar Phone Corp's controls over its review methods, procedures and systems deployed for compliance with FCC Dial-Around Compensation (DAC) requirements, are effective in providing reasonable assurance that FCC reporting requirements are properly followed, summarized and reported to Payphone Service Providers (PSP's). Dollar Phone Corp's management is responsible for maintaining effective controls over its measurement and reporting function. Our responsibility is to express an opinion on management's assertion based on our examination.

Further, we have examined management's assertions Dollar Phone Corp. is in compliance with FCC 03-235/CC Docket No. 96-128, and FCC 04-251/CC Docket No. 96-128:

- FCC 03-235/CC Docket No. 96-128 provides that the completing carriers are responsible for payment of payphone compensation charges; must provide the PSP's with quarterly sworn statements by the CFO of payphone compensation charges accuracy; and must provide to PSP's quarterly reports of toll free calls completed by the carrier.
- FCC 04-251/CC Docket No. 96-128 states that completing carriers are responsible for retaining records of payments of payphone compensation for 27 months and are responsible for providing quarterly reports of toll free numbers completed by the carrier.

Our examination was conducted in general accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA), but, primarily with those of GAO Government Accounting Standards (GAGAS) and, as required, included obtaining an understanding of the controls over review methods, procedures and systems deployed by

management for compliance with FCC requirements, testing, and evaluating the design and operating effectiveness of those controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in controls, errors or fraud may occur, and not be detected. Also, projections of any evaluation of controls over the measurement and reporting function to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Dollar Phone Corp management is responsible for compliance with the requirements. Our responsibility is to express an opinion on management's assertions about Dollar Phone Corp's compliance based on our examination.

In our opinion, management's assertion, that it believes that, as of June 30, 2008, Dollar Phone Corp's controls over its measurement and reporting function as it relates to review methods, procedures and systems deployed by management for compliance with FCC requirements are effective in providing reasonable assurance that FCC requirements are properly recorded, summarized and reported, is fairly stated, in all material respects, based on the criteria specified in management's report.

This report is intended for compliance purposes, and, as such, the information contained herein and its use is solely at the discretion of Dollar Phone Corp's management.

By:



I. Nicholas Phelan  
Managing Partner

December 07, 2008

Princeton Associates, LLC  
Phoenix, Arizona, USA

**Princeton Associates**

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**REPORT TO DOLLAR PHONE CORP.**

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**SEPTEMBER 2008**

# **AUDIT OF PSP DIAL AROUND COMPENSATION COMPLIANCE**

**Management Report  
on Compliance with  
Applicable Requirements  
of the  
FCC's Rules and Regulations**

Section 64.1310(a)(1)  
In the Matter of the  
Pay Telephone Reclassification and Compensation  
Provisions of The Telecommunications Act of 1996



**Princeton Associates**

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# Highlights

To comply with FCC regulations, Dollar Phone Corp. makes the following assertions, where Dollar Phone Corp. is identified as the Completing Carrier:

**Dollar Phone Corp. is in compliance.**

**FCC compliance § 64.1320(c) Subsection (1) –**  
Whether the Completing Carrier's procedures accurately track calls to completion.

**FCC compliance § 64.1320(c)-subsection (2)**  
– *Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.*

**FCC compliance § 64.1320(c) subsection (3) –**  
*Whether the Completing Carrier has effective data monitoring procedures.*

**FCC compliance § 64.1320(c) subsection (3) –**  
*Whether the Completing Carrier has effective data monitoring procedures.*

**FCC compliance § 64.1320(c) subsection (5) -**  
*Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.*

**FCC compliance § 64.1320(c) subsection (6) -**  
*Whether the Completing Carrier has procedures to incorporate call data into required reports.*

**FCC compliance § 64.1320(c) subsection (7)**  
– *Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.*

**FCC compliance § 64.1320(c) subsection (8) -**  
*Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.*

**FCC compliance § 64.1320(c) subsection (9) -**  
*Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:*

- (i) identify calls which originated from payphones;
- (ii) identify compensable payphone calls;
- (iii) identify incomplete or otherwise non-compensable calls; and
- (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

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## INTRODUCTION

Since the implementation of the Telecommunications Act of 1996, there have been ongoing discussions among carriers ("Inter Exchange Carriers"<sup>1</sup> and "Completing Carriers") and payphone service providers (PSPs) as to how best to ensure PSPs are fairly compensated for all completed coinless calls originating from their payphones.

On September 30, 2003, the Federal Communications Commission (FCC) released its Report and Order in CC Docket No. 96-128 (FCC 03-235) titled The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996. In this latest ruling, the FCC adopted new payphone compensation rules.

These rules place responsibility on the completing carrier to establish a call-tracking system and to compensate PSPs for coinless payphone-originated calls that are completed by that carrier. Carriers are required to

- Establish call tracking systems,

- Have an independent third-party auditor attest that the system accurately tracks payphone calls to completion, and
- Pay PSPs directly, based on the carrier's own call tracking data.

The FCC rules also define new reporting requirements for intermediate carriers, although no attestation is required.

The requirements set forth by the FCC take effect the first day of the first full quarter after the new rules became effective. These rules became effective July 1, 2004.

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<sup>1</sup> IXC's Inter-Exchange Carrier



## ***Dollar Phone Corp.***

### *Information taken from Dollar Phone web*

Since beginning operations in 1999, Dollar has evolved into a company known for its superior product, impeccable quality and very competitive pricing. The former being the three cardinal principles upon which Dollar built its business model and thus its employees', vendors' and distributors' trust and confidence. Dollar has metamorphosed from its early days of simply being a small pre-paid phone card distributor to a multinational corporation offering telecom services to the prepaid phone card industry as well as a serious player in the wholesale field of telecommunications, servicing recognized conglomerates such as IDT, Bezeq International, Singapore Telecom, Arbinet, Tele globe, Reach USA and a host of others via its own switch platform.

Headquartered in Brooklyn, NY, Dollar Phone is an established leader in telecommunications, specializing in origination, termination and the wholesale distribution of pre-paid phone cards. A distinct carrier service renowned for always putting its customers first, Dollar Phone provides access to superior, affordable telecommunications products and services around the globe. With its advanced infrastructure, Dollar Phone has the ability to offer its clients fast and efficient service regardless where the client is located.

Dedicated to meeting the complex needs of all its clients, Dollar Phone has incorporated a world-class staff of courteous, live 24-hour, multilingual, customer service representatives assisting its national distribution network. Currently, Dollar Phone has a network of distributors offering more than 550 different prepaid products in over 150,000 retail outlets throughout the United States and Canada.

Dollar's reputation for its quality control in technology and customer service propelled it to one of the industry's leaders. With its quick-response manual and automated multilingual customer service, Dollar provides its clients with optimum quality.

Dollar's IT and Technical departments are not only concerned with maintaining the current quality of service provided, and constantly vigilant of routing all telecom via the most optimal carriers both fiscally and practically, but also utilize and continuously upgrade the finest and most unique software programs in the telecom industry.

## BACKGROUND

Prior to the new rules becoming effective, carriers were required to follow the rules as set forth in the FCC's previously issued Second Order on Reconsideration (CC Docket No. 96-128), released April 5, 2001 "New rules ensure competing payphone providers are compensated for coinless calls". For many carriers, current network and billing system processes and procedures implemented to comply with the Second Order of Reconsideration may already support compliance with portions of the FCC's latest ruling. However, when the new rules became effective, carriers were required to implement a more detailed level of data gathering, analysis, storage, and reporting, as well as monitor compliance with the new rules.

Each completing carrier will be required to file a report from the independent auditor regarding the completing carrier's compliance with the FCC's rules by the effective date of such rules. Generally consistent with standards established by the American Institute of Certified Public Accounts (AICPA)

and/or USG GAO GAGAS<sup>2</sup> for attestation engagements, the System Audit Report shall consist of:

- (1) The completing carrier's representation concerning its compliance, and
- (2) The independent auditor's opinion concerning the completing carrier's representation of compliance.<sup>3</sup>

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<sup>2</sup> Standards for financial audits issued by the Comptroller General of the United States through the U.S. Government Accountability Office

Section 64.1300:

(a) Except as provided herein, the first facilities-based interexchange carrier to which a completed coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier shall compensate the payphone service provider for the call at a rate agreed upon by the parties by contract.

Section 26.1310:

(a) It is the responsibility of the first facilities-based interexchange carrier to which a compensable coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier to track, or arrange for the tracking of, each such call so that it may accurately compute the compensation required by Section 64.1300(a). The first facilities-based interexchange carrier to which a compensable coinless payphone call is delivered by the local exchange carrier must also send back to each payphone service provider at the time dial around compensation is due to be paid a statement in computer readable format indicating the toll-free and access code numbers that the LEC has delivered to the carrier, and the volume of calls for each toll-free and access number each carrier has received for each of that payphone

This report must be filed with the FCC Commission's Secretary in CC Docket No. 96-128 and made available to each PSP<sup>4</sup> for which the completing carrier completes calls and with each facilities-based long distance carrier from which it receives payphone calls.<sup>5</sup>

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service provider's payphones, unless the payphone service provider agrees to other arrangements.

Section 64.1310

(b) The first facilities-based interexchange carrier to which a compensable coinless payphone call is delivered by the local exchange carrier may obtain reimbursement from its reseller and debit card customers for the compensation amounts paid to payphone service providers for calls carried on their account and for the cost of tracking compensable calls. Facilities-based carriers and resellers may establish or continue any other arrangements that they have with payphone service providers for the billing and collection of compensation for calls subject to Section 64.1300(a), if the involved payphones service providers so agree.

<sup>4</sup> PSP: Payphone Service Provider - owner of pay pho

<sup>5</sup> Please see Appendix B, 64.1310 Payphone compensation procedures.

# FCC REQUIREMENTS for

## COMPLIANCE

The FCC has set down specific directives for reporting compliance with the rules.

### *§ 64.1320 Payphone Call Tracking System Audits.*

(a) As a precondition to tendering payment pursuant to section 64.1310(a), all Completing Carriers must undergo a system audit of their section 64.1310(a)(1) tracking system by an independent third party auditor whose responsibility shall be, using audit methods approved by the American Institute for Certified Public Accountants, to determine whether the call tracking system accurately tracks payphone calls to completion.

(b) By the effective date of these rules, each Completing Carrier in paragraph (a) must file an audit report from the auditor (the "System Audit Report") regarding the Completing Carrier's compliance with section 64.1310(a)(1) as of the date of the audit with the Commission's Secretary in CC Docket No. 96-128 and with each payphone service provider for which it completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

(c) The Completing Carrier must comply with, and the third-party auditor must verify, the Completing Carrier's compliance with the following factors in establishing a call tracking system pursuant to section 64.1310(a)(1):

(1) Whether the Completing Carrier's procedures accurately track calls to completion;

(2) Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;

(3) Whether the Completing Carrier has effective data monitoring procedures;

(4) Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability;

(5) Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers;

(6) Whether the Completing Carrier has procedures to incorporate call data into required reports;

(7) Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes;

(8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial; and

(9) Whether the Completing Carriers has in place adequate and effective business

rules for implementing and paying payphone compensation, including rules used to:

- (i) identify calls originated from payphones;
- (ii) identify compensable payphone calls;
- (iii) identify incomplete or otherwise noncompensable calls; and
- (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

(d) Consistent with standards established by the American Institute of Certified Public Accounts for attestation engagements, the System Audit Report shall consist of:

- (1) the Completing Carrier's representation concerning its compliance; and
- (2) the independent auditor's opinion concerning the Completing Carrier's representation of compliance. The Completing Carrier's representation must disclose
  - (i) its criteria for identifying calls originating from payphones;
  - (ii) its criteria for identifying compensable payphone calls;
  - (iii) its criteria for identifying incomplete or otherwise noncompensable calls;
  - (iv) its criteria used to determine the identities of the payphone

service providers to which the completing carrier owes compensation;

- (v) the identity of any clearinghouses the Completing Carrier uses; and
- (vi) the types of information that the Completing Carrier needs from the payphone service providers in order to compensate them.

(e) At the time of the filing of System Audit Report with the Commission, the Completing Carrier shall file with the Commission's Secretary, and the facilities-based long distance carriers and payphone service providers identified in section 64.1320(b), a statement that includes the name of the Completing Carrier, and the name, address and phone number for the person or persons responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation, and this statement shall be updated within 60 days of any changes of such persons.

(f) One year after the filing of the System Audit Report, and annually thereafter, the Completing Carrier shall engage an independent third-party auditor to:

- (1) verify that no material changes have occurred concerning the Completing Carrier's compliance with the criteria of the prior year's System Audit Report; or
- (2) if a material change has occurred concerning the Completing Carrier's

*compliance with the prior year's System Audit Report, verify that the material changes do not affect compliance with the audit criteria set forth in subparagraph (c).*

*The Completing Carrier must fully disclose any material changes concerning its call tracking system in its representation to the auditor. The Completing Carrier shall file and provide copies of all System Audit Reports pursuant to the procedures set forth in subparagraph (b).*

*(g) Subject to protections safeguarding the auditor's and the Completing Carrier's confidential and proprietary information, the Completing Carrier shall provide, upon request, to the payphone service provider for inspection any documents, including working papers, underlying the System*

The management of Dollar Phone is responsible for establishing and maintaining adequate systems and processes for its payphone call tracking system, and for ensuring Dollar Phone's compliance with the applicable requirements of Section 64.1310(a)(1) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996* as referenced above

Dollar Phone management has performed an evaluation of the company's compliance

with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation.

Based on this evaluation, we assert that, as of June 30, 2008, Dollar Phone complies with all applicable requirements of CC Docket No. 96-128.

As required, we have prepared the required assertion statements relating to Dollar Phone's Payphone Call Tracking Systems.

Dollar Phone is acknowledged as the "Completing Carrier" in the following call scenarios:

- Call Type 1 (Completed by Dollar Phone) - Received via IXCs
- Call Type 2 (Completed by Dollar Phone) - Received via PSP contract
- Call Type 3 (Completed by Dollar Phone) - Received via LEC Feature Group

All assertions for Dollar Phone are from the point Dollar Phone has visibility to the call tracking data.

Dollar Phone has no ACA's (Alternative Compensation Agreements)<sup>6</sup> as defined by the rules with any PSP as of June, 2008.

Dollar Phone receives some PSP calls via I-LEC. However, as Dollar Phone has no ACA's in place, callers using local PSP-provided payphones (and, thus, not using dial-around services) must deposit whatever (cash/coin) amount the PSP has programmed into the individual payphone in order to make a local call, and, ultimately, to connect to Dollar Phone. Those calls are not a consideration, and are not required to be considered, in this audit.

All potentially-compensable calls received at Dollar Phone's switches are delivered by Dollar Phone's IXC's.

Dollar Phone Corp has signed a contract with BSG Clearing Solutions, Inc. – formerly Billing Concepts Inc. of San Antonio, TX ("BCI") – for payphone compensation settlement with PSP's. BSG is a nationally known payphone compensation clearinghouse.

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<sup>6</sup> The rules also permit Completing Carriers and PSPs to opt out of the rules. A Completing Carrier may employ alternative reporting and compensation arrangements, other than those mandated by the rules, so long as the PSP agrees to these arrangements.

## MANAGEMENT ASSERTIONS

To comply with FCC regulations, Dollar Phone makes the following assertions, where Dollar Phone is identified as the Completing Carrier:

### FCC compliance § 64.1320(c) Subsection (1)

*- Whether the Completing Carrier's procedures accurately track calls to completion*

- Dollar Phone's definition of the "per-call rate" of \$0.24 is in compliance with prior (as of July 2004) FCC rules for compensation for those periods.
- Dollar Phone's definition of the "per-call rate" of \$0.494 is in compliance with current (as of September 27, 2004) FCC rules.
- Dollar Phone's definition of a "Compensable Call" (payphone-originated call that completes over Dollar Phone's network in which Dollar Phone identifies itself as the Completing Carrier) is in compliance with the FCC rules<sup>7</sup>.
- Dollar Phone's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules.
- Dollar Phone's systems, or its contracted partner systems, are able to

generate the following reports, on a monthly, quarterly, or on-demand, basis:

- A list of the toll free and access numbers dialed, and completed, from each PSP's payphones, with the ANI for each payphone.
- The volume of calls for each toll free, and access, number that was completed by Dollar Phone.
- The names, addresses, and phone numbers of the persons responsible for handling Dollar Phone's payphone compensation.
- The CIC code, or Trunk routing group, of all facilities based LD carriers that routed calls to Dollar Phone categorized according to toll-free and access code numbers.
- Dollar Phone's data storage requirement is in compliance with FCC rules.\*
- Dollar Phone's systems procedures for identifying PSPs are complete and have accurate rules.
- Dollar Phone's procedures for validating payphone ANIs are complete and have accurate rules.

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<sup>7</sup> See Appendix for definitions



**FCC compliance § 64.1320(c) subsection (2)**

*– Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.*

- Dollar Phone has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls rules.
- Dollar Phone has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- Dollar Phone has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data rules.
- Dollar Phone has designated personnel who are responsible for developing compensation-tracking reports.
- Dollar Phone has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC compliance § 64.1320(c) subsection (3) –**

*Whether the Completing Carrier has effective data monitoring procedures.*

- Dollar Phone has the ability to

prepare monthly, quarterly, or ad hoc, reports on payphone call counts, PSP identities and numbers-dialed.

- Dollar Phone performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- Dollar Phone has the ability to produce trend reports of excluded calls.
- Dollar Phone performs fraud-monitoring procedures to identify potentially illegitimate payphones.
- Dollar Phone has the ability to investigate and resolve PSP disputes.

**FCC compliance § 64.1320(c) subsection (4) –**

*Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability*

- Dollar Phone has documented security controls in place to control access to, and monitor, call-tracking data.
- Dollar Phone has documented security controls in place to control access to, and monitor, the payment disbursement system rules.
- Dollar Phone has a department responsible for making software changes that affect payphone

compensation.

- Dollar Phone has established protocols to implement and test *software changes affecting payphone compensation.*
- Dollar Phone has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

**FCC compliance § 64.1320(c) subsection (5) -**  
*Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.*

- Dollar Phone utilizes switch data and industry standard SQL<sup>6</sup> to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- Dollar Phone uses payphone specific

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<sup>6</sup> SQL (Structured Query Language) A specialized language for sending queries to databases. Most industrial-strength databases and many smaller database applications can be addressed using SQL. Each specific application will have its own slightly different version of SQL implementing features unique to that application, but all SQL-capable databases support a common subset of SQL strength and many smaller database applications can be addressed using SQL. Each specific application will have its own slightly different version of SQL implementing features unique to that application, but all SQL-capable databases support a common subset of SQL

identifiers (info digits or ANI lists) to identify a compensable payphone call record.

- Dollar Phone applies validation and control procedures to compile the Compensable Call File.

**FCC compliance § 64.1320(c) subsection (6) -**  
*Whether the Completing Carrier has procedures to incorporate call data into required reports.*

- Dollar Phone's SQL systems, or its contracted partner systems, are able to generate the following reports on a quarterly basis:
  - A list of the toll free and access numbers dialed and completed from each PSP's payphones, along with the ANI for each payphone except as noted in the details section.
  - The volume of calls for each toll free and access number that was completed by Dollar Phone's switches.
  - The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Dollar Phone's switches categorized according to toll-free and access code numbers
- Dollar Phone possess a valid list of payphone owners identified by ANI.
- A system listing the names, addresses,

and phone numbers of the person(s) responsible for handling payphone compensation.

**FCC compliance § 64.1320(c) subsection (7)**

*- Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.*

- Dollar Phone maintains required call tracking data (archival information) from Dollar Phone inception.
- Dollar Phone has the ability to investigate and resolve PSP disputes.
- Dollar Phone has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC compliance § 64.1320(c) subsection (8) -**  
*Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.*

- Dollar Phone has procedures to identify payphone-originated calls.
- Dollar Phone has procedures to capture dial-around calls.
- Dollar Phone has procedures to exclude incomplete calls from the compensable call file.
- Dollar Phone has procedures to accurately populate call record data in the compensable call file.
- Dollar Phone has procedures to exclude

commissioned calls from the compensable call file.

**FCC compliance § 64.1320(c) subsection (9)**

*- Whether the Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:*

- (i) identify calls which originated from payphones;*
- (ii) identify compensable payphone calls;*
- (iii) identify incomplete or otherwise non-compensable calls; and*
- (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.*

- Dollar Phone has business rules that identify calls originated from payphones.
- Dollar Phone has business rules that identify compensable payphone calls.
- Dollar Phone has business rules that exclude incomplete calls.
- Dollar Phone has business rules to determine the identities of the payphone service providers to which Dollar Phone owes compensation.

## REQUIRED DISCLOSURES

### *Dollar Phone's required disclosures per FCC 64.1320(d)*

- Dollar Phone's criteria for identifying calls originating from payphones include call record info-digit identification numbers "27", "29" or "70". In addition, originating ANI<sup>9</sup> is also used to identify payphones by including them in the records to be forwarded for compensation to Dollar Phone accounting (current), or to a billing compensation clearinghouse if that procedure is implemented.

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<sup>9</sup> ANI (Automatic Number Identification) is a system utilized by telephone companies to identify the DN (Directory Number) of a calling subscriber.

ANI serves a function similar to Caller-ID, but utilizes different underlying technology. In addition, although Caller-ID can be blocked by prefixing a call with \*67, ANI is (usually) impossible to block.

ANI was originally developed for telephone company billing purposes. ANI technology is also now offered to commercial customers who may benefit from knowing who is calling them. In addition, ANI is one of the core technologies behind the 911 emergency service.

ANI data is usually transmitted in-band using multi-frequency (MF) signaling. However, ANI data can also be transmitted separately if you have an ISDN PRI.

- Dollar Phone's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70 (or with a payphone-identified originating ANI), and call duration parameters as noted in the supplemental information<sup>10</sup> (SQL section and customer service record layouts). Dollar Phone has no alternative compensation agreements (ACA) in place so no calls are excluded from the Compensable Call File.
- Dollar Phone's criteria for identifying incomplete or otherwise non-compensable calls include:
  - 1) calls that do not have info-digits 27, 29 or 70 (or that are not from a payphone-identified originating ANI),
  - 2) calls which last less than, or are equal to, 60 seconds
  - 3) calls with completion codes > hex 10 (incomplete)
- Dollar Phone's criteria used to determine the identities of the PSPs to which Dollar Phone owes compensation is established by Dollar Phone's accounting department & clearinghouse for settlements.
- The type of information that Dollar Phone needs from the PSPs in order to

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<sup>10</sup> "Adjunct to Management Report on Compliance with Applicable Requirements of the FCC's Rules and Regulations"

compensate the PSPs is determined by  
Dollar Phone's accounting department  
& clearinghouse for settlements.

# Data Integrity

## Summary

The purpose of this report is to provide supporting documentation for the company's internal audit examination undertaken to assure proper compensation to payphone service providers (PSP) per FCC regulations and to supplement the audit process mandated by the FCC in Section 64.1310(a)(1) "In the Matter of the Pay Telephone Reclassification and Compensation Provisions of The Telecommunications Act of 1996".

The regulations require that the completing carrier have in place procedures to assure proper compensation to payphone service providers for dial-around calls.

In order to reduce the likelihood the call records are being lost or incorrectly processed, and to confirm the validity of the management statements as to the accuracy of the processes in place, an audit of the data handling procedures was undertaken, and overseen by an outside independent auditor.

The audit was based on the data extending from July 2007 (the time since Dollar Phone's last formal audit through June 30, 2008, Qtr 2, 2008 (the latest full quarter data available).

Results of this audit are as follows:

- The number of customer call records, including payphone call records, recorded in the Dollar Phone switch system, with allowances for customers making multiple calls from a single originating call, matches the number of call records recorded and invoiced by the company's IXCs which pass potentially compensable payphone calls to Dollar Phone.
- These three ratios: (1) The ratio of the number of IXC call records (CDRs) to the number of Dollar Phone switch call records; (2) The number of switch call records to the number of potentially compensable payphone (DAC) call records; and (3) The number of potentially compensable payphone records to the actual number of compensable call records; have remained consistent over the entire audit period.
- The percentage of payphone compensable calls to the total of customer call records transiting this completing carrier is consistent through the entire audit period.
- The number of compensable call records extrapolated from the raw switch CDRs by the independent auditor is consistent with the number of compensable payphone

*calls extrapolated by the Dollar Phone IT department's SQL systems in blind SQL runs controlled by the outside auditor.*

- The number of compensable call records extracted from the database by the independent auditor is consistent with the number of compensable call records Dollar Phone IT department extracted from the database for the same periods.*
- The number of compensable call records is consistent with the number of compensable calls either paid to payphone providers by the Dollar Phone accounting department through its clearinghouse, or, those call records whose payphone owners are unidentifiable but recorded and stored for future payment.*

*Conclusion: Based on the foregoing data and analysis, the Dollar Phone processes and procedures do not appear to contain any errors or omissions that would adversely affect the compensable calls or payments due to the PSPs.*

## The Audit Process

The FCC mandated audit process is required to confirm that the number of inbound, completed, DAC<sup>11</sup> calls (calls actually arriving at the Dollar Phone switches) matches the number of DAC calls recorded by Dollar Phone (arriving at Dollar Phone's switches).

Those numbers must match the number of compensable call records being sent to Dollar Phone's accounting for compensation by its clearinghouse partner.

### *Note*

*Dollar Phone signed a contract with BSG Billing Concepts, a clearinghouse, in June 2005, to provide PSP payment services*

To accomplish this, parallel SQL database runs (extensive data mining processes) to cross check Dollar Phone's own corporate reports was effected by the external auditor and cross checked against the Dollar Phone data mining runs.

The external audit cross-check process requested all customer data records (CDRs) from the reporting period and extracted the DAC calls from that data mining run using system software toolsets different from those toolsets in use by the company. To assure accuracy, these data mining runs

don't use a subset ("partial data", which is a smaller subset of the whole and routine industry practice) of any Dollar Phone dataset, but use the entire dataset from all reporting periods. This is to reduce the possibility of getting compromised, or manipulated, data.

This process is complicated by the volumes of data. For the switches handling potentially compensable call records, the audit period produced some 400 million records.

The FCC rules cover, technically, from July 1, 2004 to the present. Compensation has been due the payphone owners for some time prior to this, however, although there were few procedures in place to control carrier compliance.

Given the relatively short time (as of the publishing of this document, about 4 years) from July 1, 2004, to time of this audit, it is prudent to examine the company's overall operations, going back in time as far as possible, given the relatively recent structure of the company and corporate history, in order to determine if its routine procedures might be susceptible to failure of some kind.

In addition, it is important to understand the scope of the number of dollars involved.

If the relative percentage of dial-around compensable calls to the normal revenue-

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<sup>11</sup> DAC: Dial-Around Call



generating call handling (carrier "product line") of Dollar Phone calls is small, or, very small, then it becomes easier to predict a "probable scope of error" over the new, and, possibly, untested, data and systems. If the relative number of DAC compensable PSP<sup>12</sup> calls is high, then tracking the lost or misplaced calls because logarithmically more complex, and, the amount of potential compensation becomes significantly larger.

If the relative number of DAC calls to the total calls handled by Dollar Phone is high, then any small percentage of error introduced might represent a significant loss of revenue to a potential payphone provider because the volume of compensable DAC calls would be numerically large.

Conversely, and, as is actually the case with Dollar Phone, data mining shows the proportion of dial-around compensable payphone calls is small. This is not Dollar Phone's primary source of revenue. A small deviation of potentially compensable DAC calls from the data mining run, or, from month to month, represents a very small amount of revenue to Dollar Phone, and, represents only a small number of compensable call revenue due to a PSP relative to total Dollar Phone's overall business volumes.

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<sup>12</sup> Pay Phone Provider

## ***Unique to Dollar Phone***

The key factor in determining if Dollar Phone is in compliance with FCC regulations is the completing carrier methodology used to mine out the payphone compensable calls (DAC) from the switch database. This section addresses Dollar Phone's methods.

All calls to Dollar Phone, including those to customer service, and those being processed and forwarded for Dollar Phone's customers, prepaid and other, are processed through the Dollar Phone switches. No calls bypass the switches. A call record (CDR) is created for every call.

Dollar Phone utilizes two switches sets: Nortel DMS working in tandem with NACT, and VERAZ.

In the summer & fall of 2007, Dollar Phone began retiring the Nortel/NACT switches. As a result, there are two different types of call handling changing, effectively, with the beginning of Qtr4, 2007.

Prior to the cutover, all calls enter through the DMS, are passed to the NACT for rating and for prepaid accounting, and returned to the DMS for outward switching to their final destination. Although CDRs are created by both the DMS and the